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# NEWS for Eastern Iowa Lenders

Volume 2002, Issue No. 1 for Oct-Dec, 2001

Issued: December 2, 2002 To Economic Development Organizations in Eastern Iowa. Circulation: 530.

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## **SBA Form 4506- Tax Return Verification**

It is SBA Policy to verify the accuracy of financial information submitted by an applicant and utilized to establish repayment ability. A new loan to an existing small business requires verification of the financial information submitted with the loan by comparing to filed tax returns. Where loan proceeds are used to finance a change of ownership, the financial information supplied by the seller must be verified. The verification process is not applicable for new businesses or when loan proceeds acquire only assets from another business and repayment ability is not based on the past performance of the assets. At no time would wage earner income of an applicant need to be verified. The tax verification process is for business financial information used in the credit decision.

The verification process is explained under condition Section H of the standard SBA loan authorization. Briefly, the applicant (if existing business) or the seller (see above) must execute an IRS Form 4506 and this is submitted by the participant with a specific cover letter to the appropriate IRS Service Center. The IRS will provide a transcript of the filed tax returns for the last three years or however long in operation, whichever is less. The lender must compare the transcripts to the financial information or tax returns submitted with the application and resolve any significant differences. If no response is received from the IRS within 10 working days after submission, the participant may proceed with disbursement provided the lender still performs the verification immediately upon receipt of the transcript from IRS and delays any further disbursement, if applicable, until discrepancies are resolved.

Please contact our office with any questions on this policy.

## **Military Reservist EIDL (Disaster) Loan Program**

Small businesses that employ military reservists who were called to active duty by President Bush in response to the terrorist attacks on the World Trade Center and the Pentagon may qualify for Military Reservist Economic Injury Disaster Loans (MREIDL). These disaster loans are available from the U. S. Small Business Administration (SBA) to small businesses during a period of military conflict. The MREIDL program will provide loan funds to eligible small businesses to cover operating expenses that cannot be met because an essential employee was called to active duty in his or her role as a military reservist.

Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially impacted due to the loss of a key employee. These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot be paid. The interest rate on these loans is 4 percent, with a maximum term of 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount, based on the financial circumstances of each borrower. The filing period begins the date the essential employee is ordered to active duty and ends 90 days after the date the employee is discharged from active duty. Businesses interested in applying for an economic injury disaster loan can contact following disaster area office to obtain an application. Disaster Area 4, Ft Worth, TX 76155 TEL: 1-800-366-6303

For current information on military reserve units called to active duty, visit the following Internet URL:

<http://www.msnbc.com/news/638803.asp?0cb=-31130025&cp1=1>

## **Reminder**

SBA is not able to process loan packages until your bank has made a credit decision to approve the request subject to obtaining the SBA guaranty. Please remember you know your customer, you are familiar with the financial situation, you need to "sell" the proposed loan to SBA just as you do to your own bank loan committee. Please include a thorough explanation of your thoughts on the credit proposal.

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## Lender Loan Production for FY 2002

Loans	Lender	City	Loan Amount
20	BLACK HAWK ECONOMIC DEVELOPMENT	WATERLOO	\$4,137,000
18	WELLS FARGO BANK NA	CEDAR RAPIDS	\$2,296,400
13	IOWA BUSINESS GROWTH COMPANY	CEDAR RAPIDS	\$3,395,000
10	IOWA STATE BANK & TRUST CO	IOWA CITY	\$925,400
10	NORTHWEST BANK & TRUST CO	DAVENPORT	\$2,153,500
7	HEDRICK SAVINGS BANK	HEDRICK	\$777,300
7	U.S. BANK NATIONAL ASSOCIATION	CEDAR RAPIDS	\$565,500
6	FIRST NATIONAL BANK	MUSCATINE	\$821,750
6	STATE CENTRAL BANK	KEOKUK	\$775,775
5	FIRST CENTRAL STATE BANK	DE WITT	\$487,500
5	GUARANTY BANK AND TRUST CO.	CEDAR RAPIDS	\$424,000
4	FARMERS STATE BANK	MARION	\$753,400
3	CLINTON NATIONAL BANK	CLINTON	\$320,000
3	FARMERS SAVINGS BANK	COLESBURG	\$270,000
3	HILLS BANK AND TRUST COMPAN	IOWA CITY	\$235,000
3	IOWA BANK	BELLEVUE	\$169,500
3	IOWA STATE BANK	WAPELLO	\$278,500
3	MARQUETTE BANK NATL ASSOC	CEDAR RAPIDS	\$332,500
3	STERLING FEDERAL BANK, F.S.	CLINTON	\$240,900
2	1ST NATIONAL BANK	CEDAR FALLS	\$89,500
2	BANKIOWA	CEDAR FALLS	\$118,700
2	CENTRAL STATE BANK	MUSCATINE	\$105,400
2	CITY STATE BANK	CENTRAL CITY	\$71,000
2	COMMUNITY SAVINGS BANK	EDGEWOOD	\$745,000
2	CRESCO UNION SAVINGS BANK	CRESCO	\$132,000
2	ELGIN STATE BANK	ELGIN	\$165,000
2	GE CAPITAL SMALL BUSINESS FINANCE	ST. LOUIS MO	\$205,900
2	QUAD CITY BANK & TRUST	DAVENPORT	\$310,000
1	1ST NATIONAL BANK	OELWEIN	\$117,300
1	1ST NATIONAL BANK	WAVERLY	\$150,000
1	AMERICAN BANK & TRUST	ROCK ISLAND IL	\$108,000
1	BENTON COUNTY STATE BANK	BLAIRSTOWN	\$250,000
1	BLUE GRASS SAVINGS BANK	BLUE GRASS	\$140,000
1	BRENTON SAVINGS BANK, FSB	WEST DES MOINES	\$35,000
1	BRIDGE COMMUNITY BANK	MOUNT VERNON	\$30,000
1	BURLINGTON BANK AND TRUST	BURLINGTON	\$128,000
1	BUSINESS LOAN CENTER, INC.	RICHMOND VA	\$1,200,000
1	CHELSEA SAVINGS BANK	BELLE PLAINE	\$158,000
1	CIT SMALL BUSINESS LENDING CORP	LIVINGSTON NJ	\$60,000
1	CITIZENS FIRST BANK	CLINTON	\$50,000
1	COLLINS COMMUNITY CREDIT UNION	CEDAR RAPIDS	\$15,000
1	COMMUNITY NATIONAL BANK	WATERLOO	\$150,000
1	COMMUNITY STATE BANK	STANWOOD	\$56,500
1	DENVER SAVINGS BANK	DENVER	\$77,000
1	DUBUQUE BANK AND TRUST	DUBUQUE	\$584,490
1	E.C.I.A. BUSINESS GROWTH, INC	DUBUQUE	\$391,000

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1	FARMERS & MERCHANTS BANK & TRUST	BURLINGTON	\$28,500
1	FARMERS & MERCHANTS SAVINGS BANK	WAUKON	\$355,500
1	FIRST MIDWEST BANK	MOLINE IL	\$30,000
1	FIRST NATIONAL BANK	MOLINE IL	\$25,000
1	GATEWAY STATE BANK	CLINTON	\$56,000
1	KERNDT BROS. SAVINGS BANK	LANSING	\$18,900
1	KEYSTONE SAVINGS BANK	MARENGO	\$500,000
1	LIBERTYVILLE SAVINGS BANK	LIBERTYVILLE	\$35,000
1	LINCOLN SAVINGS BANK	CEDAR FALLS	\$138,000
1	LUANA SAVINGS BANK	LUANA	\$25,000
1	MAQUOKETA STATE BANK	MAQUOKETA	\$35,000
1	MIDWEST FED. S & L ASSOC -	BURLINGTON	\$36,000
1	PILOT GROVE SAVINGS BANK	PILOT GROVE	\$650,000
1	SECURITY STATE BANK	INDEPENDENCE	\$5,000
1	OLON STATE BANK	TIFFIN	\$45,000
1	UNION BANK & TRUST COMPANY	STRAWBERRY POINT	\$123,000
1	VALLEY STATE BANK	DAVENPORT	\$57,000
1	VINE STREET TRUST	ATLANTA GA	\$825,000
1	WASHINGTON FED. SAVINGS BK	WASHINGTON	\$49,000
1	WASHINGTON STATE BANK	WASHINGTON	\$129,500
188	66		\$28,168,115

## Loans by County

County	Fiscal Year End #s	Fiscal Year End Amts	Fiscal Year End Jobs
Allamakee	5	\$796,400.00	35
Benton	6	\$1,096,000.00	161
Blackhawk	17	\$2,414,200.00	328
Bremer	3	\$375,000.00	46
Buchanan	3	\$178,300.00	8
Cedar	1	\$56,500.00	7
Chickasaw	0	\$0.00	0
Clayton	3	\$282,000.00	17
Clinton	12	\$1,066,900.00	66
Delaware	2	\$718,000.00	17
Des Moines	4	\$611,475.00	19
Dubuque	2	\$539,000.00	123
Fayette	3	\$235,000.00	30
Henry	1	\$50,000.00	7
Howard	5	\$1,144,000.00	30
Iowa	0	\$0.00	0
Jackson	4	\$204,500.00	10
Jefferson	1	\$50,000.00	4
Johnson	18	\$3,671,000.00	266
Jones	2	\$100,000.00	4
Keokuk	4	\$367,300.00	12
Lee	6	\$1,018,300.00	96
Linn	38	\$6,096,900.00	744

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Louisa	3	\$312,000.00	17
Muscatine	7	\$802,150.00	34
Scott	24	\$3,805,200.00	173
Van Buren	0	\$0.00	0
Washington	5	\$350,500.00	14
Winneshiek	3	\$598,000.00	14
Totals*	182	\$26,938,625.00	2,282

\*These statistics include loans processed through our office in our 29 Cedar Rapids District counties only. Bank production totals are slightly higher since they include some loans made by banks located within our district to businesses located outside of the district.

## Market Penetration by County

County	Population	Businesses	\$/Capita	\$/business	Loans/100 businesses
Allamakee	13,991	396	\$56.92	\$2,011.11	1.26
Benton	25,019	558	\$43.81	\$1,964.16	1.08
Blackhawk	121,502	3,159	\$20.21	\$777.21	0.57
Bremer	23,304	614	\$16.09	\$610.75	0.49
Buchanan	21,139	494	\$8.43	\$360.93	0.61
Cedar	17,969	452	\$3.14	\$125.00	0.22
Chickasaw	13,435	392	\$0.00	\$0.00	0.00
Clayton	18,791	544	\$15.01	\$518.38	0.55
Clinton	50,224	1,282	\$20.43	\$800.23	0.86
Delaware	18,449	426	\$38.92	\$1,685.45	0.47
Des Moines	42,123	1,234	\$14.52	\$495.52	0.32
Dubuque	88,084	2,510	\$6.12	\$214.74	0.08
Fayette	21,995	631	\$10.68	\$372.42	0.48
Henry	19,948	496	\$2.51	\$100.81	0.20
Howard	9,710	276	\$117.82	\$4,144.93	1.81
Iowa	15,468	501	\$0.00	\$0.00	0.00
Jackson	20,097	551	\$10.18	\$371.14	0.73
Jefferson	17,020	659	\$2.94	\$75.87	0.15
Johnson	102,318	2,342	\$35.88	\$1,567.46	0.77
Jones	20,281	466	\$4.93	\$214.59	0.43
Keokuk	11,495	276	\$31.95	\$1,330.80	1.45
Lee	38,654	1,048	\$26.34	\$971.66	0.57
Linn	181,704	5,028	\$33.55	\$1,212.59	0.76
Louisa	11,934	227	\$26.14	\$1,374.45	1.32
Muscatine	41,212	962	\$19.46	\$833.84	0.73
Scott	157,433	4,298	\$24.17	\$885.34	0.56
Van Buren	7,825	179	\$0.00	\$0.00	0.00
Washington	20,855	631	\$16.81	\$555.47	0.79
Winneshiek	20,895	584	\$28.62	\$1,023.97	0.51
Totals	1,172,874	31,216	\$22.97	\$862.97	0.58

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